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JUNE 1943

A Brief Summary of Economic Conditions

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MANKIND now has the physical means, in terms of agricultural production capacity and distribution equipment, to make adequate diets possible for all peoples everywhere. This fact provided the starting point of discussions at the United Nations Conference on Food and Agriculture held May 18-June 4 at Hot Springs, Va. Representatives of this country and of other members of the United Nations went on from there to discuss in detail the character of world agriculture, production, distribution, the food needs of the various peoples, and the relation of agriculture to industry and trade in the post-war period. The broad need for better balance within agriculture and for better balance between agriculture and industry was agreed upon. In seeking a balanced world agriculture, it was pointed out, each nation would need to produce at home those foods and commodities it could produce economically, but encourage active exchange between nations of other commodities. Opportunity for interchange of foods and agricultural commodities between nations, it was declared, would be essential to the provision of an adequate world diet.

Commodity Reviews

Dairy Production: 8-Point Plan

An eight-point program announced on May 11 by the War Food Administration and the Dairy Industry Committee is designed to increase milk production, particularly during the normal summer slump. The program emphasizes the following needs in terms of home-grown feeds:

(1) Abundant pastures; (2) Plenty of good hay—400 to 500 pounds a month per cow; (3) Abundant silage—at least $2\frac{1}{2}$ tons per cow; (4) Conditioning of cows for freshening—an 8-week rest leads to greater milk production; (5) Liberal provision of good roughage; (6) Balanced feeds rations—wise use of protein concentrates; (7) Feeding to avoid summer production slump due to inadequate feed; (8) Raising of calves with less milk, by starting them on grain and hay when 2 weeks old.

Total milk production during the first 5 months of 1943 was not as large as in the corresponding period last year, although it was the second largest on record. Unseasonably cold weather retarded pastures sufficiently so that the reduced production per cow together with a decrease in the percentage of cows milked, more than offset the larger number of cows on farms. On June 1 milk production per cow was 2 percent below a year earlier. Pasture conditions in dairy areas averaged 86 percent of normal on June 1, compared with 78 percent a month earlier and 82 percent in June of last year.

Because the consumption of fluid milk is now so large, production of most manufactured products except butter, condensed milk (case goods and bulk skimmed) and dried whole milk has been smaller than in 1942.

The War Food Administration on May 1 increased the Government "set aside" of butter from 30 to 50 percent and of Cheddar cheese from 50 to 70

percent. The new percentages apply during May, June, and July. As production declines seasonally it is expected that the percentages to be held for Government purchase will decrease sharply. Storage stocks of both butter and cheese are now increasing rapidly, under the revised "set aside" orders, as production continues to increase seasonally. Thus during the low-production period this fall and winter there will be a more adequate supply of butter and Cheddar cheese available for civilian use.

Reduction of butter retail price ceilings by 5½ cents a pound on June 10 is part of the program of the Office of Price Administration to stabilize the cost of living. To prevent these reduced prices from having adverse effect on production OPA has recommended subsidy payments to butter processors. Because maximum prices have not been readily determinable by consumers, specific dollars-and-cents retail price ceilings were established for many commodities in 130 cities on May 10. The dairy products affected are fluid milk, butter, packaged cheese, and evaporated and condensed milk.

In a recent letter to the Director of Economic Stabilization, the War Food Administrator said that adequate labor would be available during 1943 to produce and harvest crops up to the announced goals. Current Government manpower programs are assisting in the maintenance or increase of the farm labor supply, the Food Administrator indicated. Because dairying requires such relatively large amounts of skilled labor these farm manpower programs will be of particular value in maintaining dairy production.

On May 1 the War Production Board established allocation control over processed industrial casein. This was necessary largely to help meet the increased casein demand from a decreasing supply caused by the greater need of skim milk for food uses.

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LIVESTOCK: New Meat Board

Establishment of a War Meat Board at Chicago to facilitate allocation and distribution of the Nation's meat supply to the armed forces, lend-lease, and civilians, was announced May 17 by the War Food Administration and the Office of Price Administration. Although quarterly and yearly requirements will be determined by the Washington allocation authorities, the Board will deal with the complicated day-by-day meat supply problems caused by the war. The nine-man board represents WFA, OPA, the Army, and the meat industry.

Meat production under Federal inspection during the first quarter of 1943 was 5 percent more than during the corresponding quarter of last year and 38 percent more than the 10-year (1932-41) average for the period. The increase over last year was accounted for entirely by pork. Number of hogs slaughtered under Federal inspection during January-March was only 4 percent more than in the same period of 1942, but average live weights have been exceptionally heavy this year.

The hog-corn price ratio narrowed in April following the corn price advances allowed by price ceilings and the downward trend in hog prices. Although the ratio is still wider than the long-time average, it is now less favorable for expanding hog production than a year ago. After WFA's announcement of a downward adjustment in live animal prices, to bring them more in line with wholesale pork and lard prices which are under ceilings, hog prices declined approximately \$1.25 from early April through mid-May.

Federally inspected hog slaughter in April set a new record for the month, nearly 4½ million head, 6 percent more than in April 1942. Average live weight of butcher hogs at seven important Corn Belt markets in early May was 253 pounds, 16 pounds heavier than a year earlier and nearly

20 pounds heavier than the 1936-42 average weight for the month. Net out-of-storage movement of about 70 million pounds of pork during April reduced May 1 stocks to 522 million pounds, about 50 million pounds less than a year earlier and 115 million pounds below the 1931-40 May 1 average. In contrast, lard stocks, including rendered pork fat, totaled 148 million pounds on May 1, about the same as the 1931-40 May 1 average, but 20 million pounds more than on May 1, 1942.

Federally inspected cattle slaughter totaled 796 thousand head in April, 14 percent less than in March, and 17 percent less than in April 1942. This decline apparently reflects some diversion of live cattle away from federally inspected plants following temporary increases in quotas of local slaughterers. Slaughter in the first 4 months of 1943 was 9 percent less than in the same period of 1942, but yet the second largest on record and 19 percent more than the 1932-41 average for January-April.

Average live weights of cattle have been heavier than usual this spring despite the tendency to market cattle earlier than planned. Average live weight of all cattle slaughtered during March was 980 pounds, 10 pounds heavier than a year earlier and 40 pounds heavier than the March average for the preceding 10 years. Calf prospects are reported to be good except in limited areas.

Weather and feed conditions were mostly favorable during April for the development of the early lamb crop. As result, early lambs made good gains in previously favorable areas and made considerable recovery in areas where weather and feed had been unfavorable. Eastern shipments of early lambs from California were small, but slaughter within the State was larger than last year because of adjustments in lamb and mutton quotas of California packers. Late lamb crop prospects are mostly favorable.

Inspected slaughter of lambs and sheep in April totaled nearly $1\frac{1}{4}$ million head, 7 percent less than a year earlier. On the other hand the January-April slaughter totaled only 1 percent less than a year earlier but 11 percent greater than the 1932-41 average for the period.

FEED: Supply Prospects

Up to June the 1943 growing season was less favorable for feed crops than during the corresponding period in 1942. Although hay and pasture conditions are a trifle better than the average for the past 10 years, they are below those of 1942. Wet and cold weather over much of the Corn Belt delayed the planting and growth of the corn crop.

Assuming average yields on this year's intended acreages, the 1943-44 supply of feed grains, including wheat and rye, probably will be about 10 percent smaller than the 1942-43 supply. The average or larger movement of corn and other feed grains into commercial channels during April and May was not adequate to meet the strong demand for feed throughout the country. In addition to these large marketings, the Commodity Credit Corporation released about 99 million bushels of wheat for feed purposes during the first 4 months of 1943. Yet the demand for feed grains is and will be greater because of increased livestock numbers and favorable returns to producers. Thus the following changes in the 1943-44 feed situation are in prospect: (1) Increase in use of supplementary forages and winter pastures; (2) Feeding of livestock, especially hogs, to lighter weights; (3) Reduction in supplies of Corn Belt corn for shipment to deficit areas; and (4) Reduction of the carry-over of 1943-44 feed grains to a minimum.

Although the 1942-43 supply of feed grains and concentrates was the largest on record, livestock production has also

been at a record level during the past year and has caused an unprecedented disappearance of all kinds of feed. Since early 1942 practically all of the Commodity Credit Corporation's corn has been sold for feed purposes, in addition to 225 million bushels of wheat. Feed prices have increased since the war started, but during 1942 price regulations and large supplies tended to keep feed prices low in relation to livestock prices. On May 8 ceilings on mixed feeds were revised to permit retail mark-ups of \$5.50 per ton for mixed dairy feeds, \$7 per ton for hog feeds and laying mash, and \$10 per ton for chick feeds. The former mark-up was a fixed \$7.50 per ton for all these feeds. Because dairy feed sales are much larger than chick feed sales this new schedule reduces the total retail margin for all mixed feeds sold.

The concentrate feed picture is hardly more encouraging. Combined production of four principal oil cakes and meal was 34 percent larger during the first quarter of 1943 than for the same period of 1942. Because of large soybean shipments to the South for crushing, for example, soybean meal production was up 85 percent in the first quarter of 1943. But the disappearance of these feeds was up about as much as production and was the largest on record. Disappearance of other vegetable proteins was up about 5 percent during the first quarter of 1943 while wheat millfeed disappearance was up 15 percent. The larger millfeed disappearance reflects increased production of flour milling for lend-lease and domestic requirements, and increased production of granular flour for alcohol.

FATS AND OILS: Production

Production of fats and oils from domestic materials in last season's crop year (1942-43) is now estimated at less than 11 billion pounds, about 1 billion pounds less than the previous estimate of last December but 1 billion pounds

more than the 1941-42 production. Vegetable oil production estimates have been revised downward because of the volume of soybeans unharvested at the beginning of winter, the use of large quantities of ground soybeans as livestock feed, the unprecedented demand for peanuts for use in peanut butter, peanut candy and as salted nuts. Animal fat production estimates have likewise been reduced downward because of smaller hog and livestock slaughter in federally inspected establishments than previously anticipated, scarcity of meat scraps for rendering in Eastern areas, and much smaller yield of lard per hog than in 1941-42 despite heavier weights of hogs marketed.

Loss of Far Eastern imports in 1942 transformed the United States fats and oil situation from comparative abundance to limited supply. Even the 10 percent increased domestic production during the 1942 crop year did not meet the sharply mounting fats and oils requirements stimulated by war needs and rising incomes. In September 1942 a War Production Board order limited the manufacturing uses of fats and oils to conserve supplies and in March 1943 direct consumer rationing of food fats and oils began. December 1941 price ceilings on fats and oils were revised upward on several occasions during 1942. Now all fats and oils including linseed oil are covered by specific price ceilings.

Consumption of fats and oils by the drying industries (producers of paint, varnish, linoleum, oilcloth, and printing ink) has declined moderately from the record high level of 1941, chiefly because of reduced building activity.

VEGETABLES, FRUITS

The truck crop production situation has improved somewhat during the last month. The inclement weather which depressed prospects in the early spring has not improved in all areas by any means, but the general picture is fair. While rains benefited truck crops in most South Atlantic and South Central States, floods and hail de-

stroyed crops on considerable low-land acreage and damaged additional acreage, especially in Arkansas and Oklahoma. Although sunny days offset cool nights in California, the temperature in western and northern States generally continued to be too low for optimum growth and rains delayed field work. But commercial truck crops in most sections are reported to have been benefited by more favorable growing conditions the first half of May.

Conditions in Texas were helped by rains, although South Texas still needs moisture; and rains brought better prospects to other South Central States and to Florida.

The combined 1943 production of commercial truck crops for which estimates have been made to date (excluding commercial early potatoes and strawberries) is 13 percent below the corresponding production in 1942, and 3 percent above the 10-year (1932-41) average. Heavier supplies than last year's are estimated for snap beans, carrots, and kale. Other crops have been or will be in lighter volume.

In the fruit crop, Department of Agriculture reports indicate that production of grapes, plums, prunes, and figs will be average or greater. Smaller crops are indicated for peaches, sweet cherries, California apricots, and pears. The winter and spring freezes that appear to have so greatly diminished peach prospects also hurt the pear crop and, to a certain extent in Eastern areas, the apple crop.

The War Food Administration on May 21 announced the appointment of three commodity committees to aid in the administration of the Federal Marketing Agreement program regulating the handling of fresh Bartlett pears, plums, and Elberta peaches grown in California. The growers comprising these groups will make nominations from which the War Food Administration will select 13 growers to serve with 12 shippers on an over-all control committee.

WOOL: Production

Nearly all the world's wool production is now controlled by the United Nations. Areas now held by the Axis produced only 15 percent of the world's wool during 1934-38, while the United Nations produced 67 percent and neutral countries 18 percent. The Southern Hemisphere is now the principal surplus producing area. Australia, New Zealand, South Africa and South America together produce about three-fifths of the world clip. The United Nations conquest in North Africa has further decreased the quantity of wool available to the Axis.

World production has increased during the war. Production declines in Europe and Asia have been more than offset by an increase of 10 percent in other areas. World production in 1942 was estimated at 4.1 billion pounds (grease basis), compared with 3.9 billion pounds in 1938.

Index Numbers of Prices Received and Paid by Farmers

[1910-14=100]

Year and month	Prices received	Prices paid, interest, and taxes	Buying power of farm products ¹
1942			
January	149	146	102
February	145	147	99
March	146	150	97
April	150	151	99
May	152	152	100
June	151	152	99
July	154	152	101
August	163	152	107
September	163	153	107
October	169	154	110
November	169	155	109
December	178	156	114
1943			
January	182	158	115
February	178	160	111
March	182	161	113
April	185	162	114
May	187	163	115

¹ Ratio of prices received to prices paid, interest, and taxes.

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

	5-year average		May 1942	April 1943	May 1943	Parity price, May 1943
	August 1909-July 1914	January 1935-Decem- ber 1939				
Wheat (bushel)	cents..	88.4	83.3	99.8	122.3	122.8
Corn (bushel)	do	64.2	65.6	81.4	100.2	103.4
Oats (bushel)	do	39.9	32.5	51.6	61.1	61.2
Rice (bushel)	do	81.3	72.7	1 178.6	182.5	179.6
Cotton (pound)	do	12.4	10.04	19.17	20.13	20.09
Potatoes (bushel)	do	69.7	75.3	114.8	166.8	190.7
Hay (ton)	dollars	11.87	8.33	10.82	12.61	12.66
Soybeans (bushel)	do	1.96	.92	1.73	1.67	1.72
Peanuts (pound)	cents	4.80	3.48	6.30	6.98	7.01
Peanuts for oil (pound)	do	12.35	—	4.11	—	—
Apples (bushel)	dollars	.96	.89	1.56	2.15	2.40
Oranges, on tree, per box	do	1.81	1.11	1.11	2.03	2.35
Hogs (hundredweight)	do	7.27	8.38	113.27	14.35	13.90
Beef cattle (hundredweight)	do	5.42	6.86	110.60	13.03	12.91
Veal calves (hundredweight)	do	6.75	7.80	112.38	14.25	14.30
Lambs (hundredweight)	do	5.88	7.79	111.60	13.88	13.83
Butterfat (pound)	cents	26.3	29.1	38.6	51.3	50.6
Milk, wholesale (100 pound)	dollars	1.60	1.81	12.39	3.04	3.01
Chickens (pound)	cents	11.4	14.9	18.4	24.6	24.7
Eggs (dozen)	do	21.5	21.7	26.5	33.7	34.2
Wool (pound)	do	18.3	23.8	40.8	41.2	41.4
Tobacco:						
Maryland, type 32 (pound)	do	722.9	17.6	20.8	—	46.0
						23.8

¹ Revised.

² Comparable base price, Aug. 1909-July 1914.

³ Comparable price.

⁴ Comparable base price, August 1919-July 1929.

⁵ Adjusted for seasonality.

⁶ Preliminary.

⁷ Base price crop years 1919-23.

POULTRY, EGGS: Production

Production of eggs on farms in May was 12 percent larger than in April 1942 despite a 2 percent lower rate of egg production per bird. The number of layers on farms was up 14 percent

Food Distribution Order 40, as amended, prohibits the storing of shell eggs except for (1) fulfilling Government contracts for spray dried whole eggs and (2) maintaining small working inventories. Relatively large quantities of shell eggs were stored during February and March and total stocks May 1 were larger by 1.6 million cases or 34 percent than stocks a year earlier despite a decline of into-storage movement in late April. In mid-May stocks of shell eggs at 35 markets were 20 percent larger than a year earlier.

Of the 847 million pounds of eggs dried in the calendar year 1942, 112.4 million pounds were from storage shell eggs, 115.8 million pounds from frozen eggs, and 618.6 million pounds from fresh shell eggs. Food Distribution Order 41 provides that liquid or frozen egg production for other than Government account or for purposes other than drying shall not exceed the quantities produced in the seasonal year 1942 for purposes other than drying. A considerable part of the 172 million pounds of frozen eggs in the United States on May 1 was earmarked for drying later in the year. During the first 4 months of 1943, 160 million pounds of frozen eggs were produced compared with 118 million pounds in the corresponding period of last year.

Production of dried eggs in April totaled 28.3 million pounds compared with 23.4 million pounds in March and 22.5 million pounds in April 1942. Dried-egg production in the first 4 months of 1943 totaled 84.5 million pounds compared with 67.6 million pounds in the corresponding period last year. Offerings of dried eggs for sale to the Department of Agriculture increased somewhat in April and early

May but have been heaviest for the delivery months in late fall and winter. On May 15, the Food Distribution Administration announced that until further notice dried eggs would be purchased for next December and January delivery only from those firms whose individual total offerings for each of those 2 months do not exceed deliveries to the Food Distribution Administration in April and May, respectively.

Although total marketings of young chickens from specialized producing areas apparently have continued larger than a year earlier, supplies of both live and dressed chickens have been considerably short of demand. From March to April the reduction in the numbers of fowl on farms was 40 percent larger this year than last. This is about normal, but available data indicate smaller than average receipts of fowl at primary markets and probably reflect increased diversion of fowl to consumer channels of trade before reaching packing plants.

WHEAT: Total Loans

The final report on the 1942 Wheat Loan Program, issued May 24, shows that the Commodity Credit Corporation through May 15 had made 533,710 loans on 406,213,333 bushels of 1942 wheat in the amount of \$459,014,060.70. Wheat loans include those on 184,048,000 bushels stored on farms and on 222,158,000 bushels stored in warehouses. Liquidations as of May 18 amounted to 107,980,474 bushels of which 4,888,594 bushels were delivered to the Commodity Credit Corporation. The 1942 loans outstanding account for 136,859,701 bushels on farms and 161,366,407 bushels in warehouses.

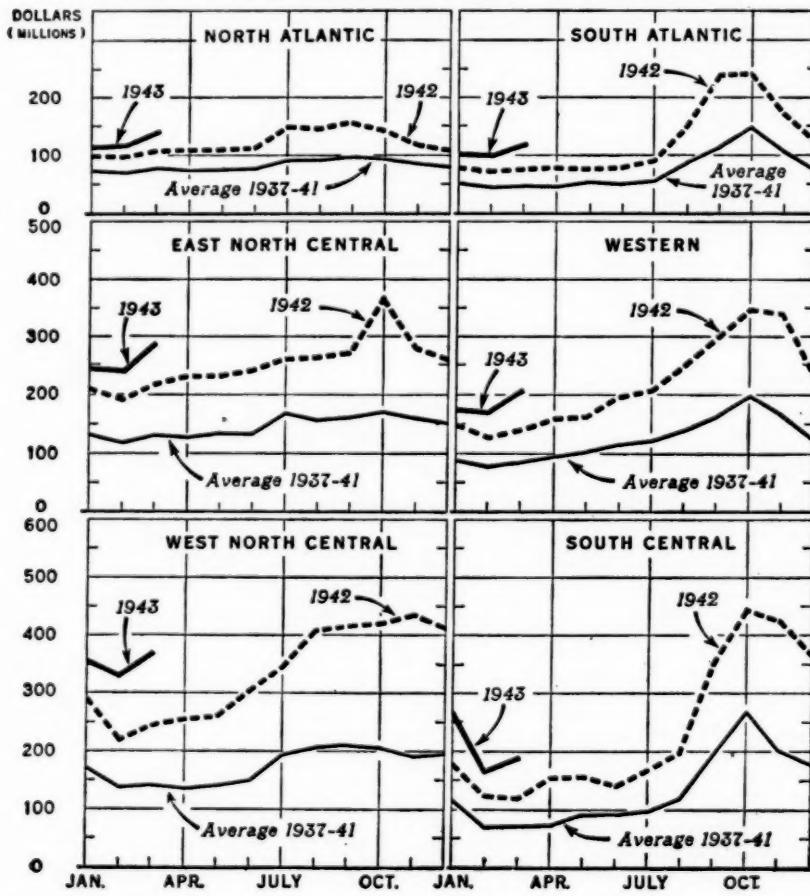
The wheat export program, under which payments were made for wheat exported to designated foreign countries, was suspended May 14. Suspension was decided upon by War Food Administration officials in order to conserve United States wheat supplies.

INCOME: Continued Rise

The sharp rise of seasonally adjusted indexes of cash income from farm marketings has continued steadily with only minor interruptions since May 1940. The major part of the increase has been due to advancing prices, but farm marketings have also increased sharply since 1940. During the first quarter of 1943, the total income from farm marketings was 3,690 million dollars—35 percent higher than during the same period a year earlier. All groups of farm products recorded sharp increases in income.

With prospects pointing to a volume of agricultural production in 1943 only slightly larger than in 1942, and with prices of many farm products at their ceilings, it appears probable that the increase in farm income during the next few months may be little if any more than the usual seasonal amount. Movement of farm income and prices over the next few months will depend in large measure on the effect of recently expanded governmental controls and on the normal tendency of prices to rise as a result of increasing consumer, military, and lend-lease demands.

**CASH INCOME FROM FARM MARKETINGS, BY REGIONS,
1942-43 COMPARED WITH 1937-41 AVERAGE**



FARMERS REDUCE DEBT LOAD

With the wartime expansion in their incomes farmers generally have been paying off old obligations and reducing the volume of farm debt as a whole. Preliminary estimates indicate that farm-mortgage indebtedness in 1942 declined by about 360 million dollars to a total of \$6,350,000,000. In the same period, farmers' borrowings on nonreal-estate security also decreased slightly, despite the substantial rise in production costs.

This is a picture far different from that during World War I. Agricultural indebtedness then increased sharply. Farm mortgage debt increased from 4.7 billion dollars to 6.5 billion dollars, or about 1.8 billion dollars, from the beginning of 1914 to the beginning of 1918 (table 1). In about the same period, farmers increased their non-real-estate loans at commercial banks from \$1,608,000,000 to \$2,507,000,000.

The reduction of 360 million dollars in farm-mortgage indebtedness in 1942 was 3 times the average annual decline of 119 million dollars for the three preceding years. These reductions are a continuation of the downward trend that has been in effect since 1923, when total farm-mortgage debt was at its peak of \$10,786,000,000.

As debt liquidation by foreclosure and related distress transfers is now of much less significance than a few years ago, the large decline in farm-mortgage debt in 1942 is attributable primarily to excess of cash principal repayments over new mortgage borrowing. The Farm Credit Administration reported repayments of principal on land bank and Commissioner loans in 1942 amounting to more than 300 million dollars, or more than 3½ times the volume of these loans made in the year. Individual life insurance companies also reported large principal repayments during 1942, although the total of new loans recorded by all life-insurance companies practically offset their principal repayments.

ADEQUATE data are not available to determine what proportion of the estimated \$762,772,000 of farm mortgages recorded in 1942 represented replacements of existing mortgage-debt contracts with new ones. Even if as much as one-half of the 1942 recordings were of this character, however, the net decline of 360 million dollars in mortgage debt would have been possible only if cash principal repayments during the year amounted to 750 million to 800 million dollars. Cash principal repayments of this magnitude would be enough to cover 11

Table 1.—Changes in Outstanding Farm-mortgage Debt and in Related Series, World War I and World War II

Year		Outstanding farm-mortgage debt ¹		Value per acre of farm real estate (1912-14=100) ²		Volume of farm mortgages recorded ³		Cash farm income ⁴	
World War I	World War II	World War I	World War II	World War I	World War II	World War I	World War II ⁴	World War I	World War II ⁴
		Million dollars	Million dollars	Percent	Percent	Million dollars	Million dollars	Million dollars	Million dollars
1914.....	1939	4,707	7,071	103	84	1,403	729	6,015	8,608
1915.....	1940	4,991	6,910	103	84	1,486	772	6,391	9,106
1916.....	1941	5,256	6,824	108	85	1,883	834	7,755	11,754
1917.....	1942	5,828	6,714	117	91	2,017	763	10,648	16,138
1918.....	1943	6,537	\$ 6,350	129	99	1,948	-----	13,464	-----
1919.....		7,137	-----	140	-----	2,939	-----	14,436	-----
1920.....		8,449	-----	170	-----	3,620	-----	12,553	-----

¹ Beginning of year.

² As of March 1.

³ Calendar year.

⁴ Estimated by the Farm Credit Administration.

⁵ Includes Government payments.

⁶ Preliminary.

percent of the mortgage debt outstanding at the beginning of 1942.

Outstanding Federal land bank and Commissioner loans declined 245 million dollars in 1942, a reduction of about 10 percent (table 2). The net decline in life insurance company holdings of farm mortgages was nominal in 1942, but this does not necessarily mean that the rate of cash principal repayments on these loans was lower than for the federally sponsored agencies. Land bank and Commissioner loans closed in 1942 were about 20 percent less than in 1941, whereas estimated mortgage recordings of life insurance companies were only about 4 percent less. Insured commercial banks' holdings of loans secured by farm real estate declined from 535 million dollars at the beginning of 1942 to 477 million dollars at the beginning of 1943, a reduction of 11 percent. Tenant-purchase and other real estate loans of the Farm Security Administration increased during 1942; the total for these types of loans reached 164 million dollars at the beginning of 1943, or about 3 percent of total farm-mortgage debt on that date. The balance of the farm-mortgage loans held principally by individuals and other miscellaneous local lenders amounted to 2,707 million dollars at the beginning of 1943, a decrease of about 3 percent during the year.

Although the large decline in total farm-mortgage debt during 1942 indicates that many farm owners were making substantial payments on their mortgage indebtedness, this does not necessarily mean that all farm owners were in a safer debt situation at the beginning of 1943 than a year earlier. The volume of mortgages recorded in 1942 was equal to about 11 percent of outstanding loans at the beginning of 1942. These newly recorded mortgages may thus reflect higher land values and optimistic farm-income prospects. Substantial increases in the average size of loans recorded are reported in many areas. The decline in total debt, therefore, does not preclude the possibility that particular farm owners may have assumed heavy mortgage debts in 1942, as was done widely in the comparable period of World War I.

SIMILAR in trend to farm-mortgage debt, the non-real-estate farm debt held by banks increased rapidly from 1914 to 1920, when it reached a peak of \$3,869,891,000. Thereafter, the total outstanding decreased until 1937, when the amount outstanding was slightly less than 600 million dollars, or about 15 percent of that in 1920. Between the two latter dates, a number of federally sponsored agricultural credit agencies were established. These held 467 million dollars

Table 2.—Farm-Mortgage Loans Held by Principal Lender Groups, January 1, 1939-43

Year	Total farm- mortgage debt	Amounts held by lender groups				
		Federal land banks and Land Bank Commis- sioner	Life insurance companies	Insured commercial banks	Farm Security Adminis- tration ¹	All others
1939	7,071	2,723	887	519	15	2,927
1940	6,910	2,584	883	534	39	2,870
1941	6,824	2,488	891	543	72	2,830
1942	6,714	2,350	907	535	122	2,800
1943	6,350	2,105	897	477	164	2,707

¹ Tenant-purchase and development loans plus construction and special real estate loans.

² Preliminary.

of non-real-estate loans on January 1, 1937. With this total added to the amount held by commercial banks on the same date, the over-all total was about one-third of the 1920 figure.

Since 1937, the total amount of non-real-estate loans to farmers has increased sharply (table 3). However, the lending associated with the financing of farm enterprises, excluding loans guaranteed either directly or indirectly by the Commodity Credit Corporation, has tended to level off since the beginning of the war. The total of these loans appears to be slightly lower at the beginning of 1943 than a year earlier.

During 1942, production credit associations loaned \$477,715,000 but at the end of the year their loans outstanding totaled \$184,662,000, or 2 percent less than a year earlier. During the first quarter of 1943, production credit associations loaned \$139,411,000, compared with \$127,645,000 in the corresponding quarter of 1942.

Rural rehabilitation loans (not including loans from State trust funds) made by the Farm Security Administration in 1942 totaled \$108,316,000, compared with \$103,743,000 in the previous year. Repayments in 1942 amounted to \$82,803,000, or about 13 percent higher than a year earlier.

IN 1943, a new source of production credit has been made available to farmers through the reopening of the

Regional Agricultural Credit Corporation of Washington, D. C., by the Farm Credit Administration. Loans are of two types: (1) loans to farmers who are unable to obtain credit from other sources, and (2) advances for the cash costs of production of designated essential war crops, obligations for repayment of which are limited to an amount equal to the returns from the crop if the borrower has otherwise complied with the conditions established for obtaining such advances. As of May 15, loans of the first type had been approved in the amount of \$25,721,000. Advances of the second type had been approved in the amount of \$19,010,000 on the same date. The actual amount of outstanding loans and advances under this program, after making allowance for a nominal amount of repayments, totaled \$31,745,000.

Farmers' use of non-real-estate credit has been influenced, on the one hand, by their improved cash position, and, on the other, by the sharply reduced supply of equipment available for purchase and restrictions on new construction and repairs. Livestock and crop financing needs account for the major demands for new credit. In a survey conducted by the Federal Reserve Bank of Chicago, reports from over 600 banks in the States of Illinois, Iowa, Indiana, Michigan, and Wisconsin indicate that the demand

TABLE 3.—Non-real-estate Loans Held by Selected Lending agencies, United States, 1939-43

Beginning of year	Insured commercial banks ¹	Production Credit Association ¹	Other agencies supervised by the Farm Credit Administration ¹	Farm Security Administration	Commodity Credit Corporation
1939.....	1,000 dollars 1,064,667	1,000 dollars 146,825	1,000 dollars 214,643	1,000 dollars 209,806	1,000 dollars 308,951
1940.....	1,004,392	153,425	208,116	276,138	208,193
1941.....	1,281,275	178,766	207,578	312,717	252,287
1942.....	1,449,937	201,589	207,820	339,083	132,614
1943.....	1,641,772	205,873	197,957	359,578	105,410

¹ Includes loans to farmers made under purchase agreement with the Commodity Credit Corporation.

² Revised.

³ Excludes certificates of participation.

⁴ Includes loans to processors and dealers directly or indirectly secured by purchase agreement with the Commodity Credit Corporation. Total loans directly or indirectly covered by purchase agreement with Commodity Credit Corporation, \$746,261,000. Other agricultural loans, \$895,511,000.

for short-term agricultural credit from these sources was generally below normal. During the first quarter of 1943, these banks reported that the purposes of the loans made or extended by them were distributed approximately as follows:

	Percent
To buy dairy stock.....	12
To buy shoats and sows.....	9
To buy feeders.....	18
To buy feeds.....	14
To carry marketings.....	6
To buy equipment and repairs.....	12
To buy real estate.....	12
For personal and family use.....	11
Other.....	6

In summary, although many of the current economic factors affecting agriculture—such as the high level of farm income and rising land values—are similar to those of World War

I, the farm-debt position presents some notable contrasts. Farm-mortgage indebtedness at the beginning of 1943 was lower than for any other year since 1917. The sharp reduction in indebtedness in 1942, following a prolonged trend of debt decrease, is in sharp contrast to the rising trend of debt during World War I, when farm-mortgage debt rose over 700 million dollars in the single year of 1917. Short-term indebtedness is appreciably below the amounts outstanding during the previous war and shows no immediate tendency to expand beyond seasonal proportions. Farmers are apparently remembering the acute financial distress that followed from the expanded debt structure of World War I, and many are currently improving their financial position.

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FARM WORKERS FROM MEXICO

EARLY to help the Allies defeat the Axis, thousands of Mexican nationals are pouring into the United States today to produce and harvest Food for Freedom. Often waving little United States and Mexican flags and shouting "Viva, Mexico" and "Viva, Los Estados Unidos," they are crossing the border by rail at the rate of about 2,000 every 8 days. As they arrive, they are speedily distributed to labor-short farms in a large number of vital growing areas west of the Mississippi.

Although Mexican farm laborers are no novelty in the United States, especially in California and the Southwest, the current movements are unique in the history of the two Nations. They are made in accordance with the provisions of an international agreement between the United States and Mexico. This agreement, the first of its kind ever entered into by the United States, was arranged last summer by the State Department, acting at the request and with the advice of the United States Department of Agriculture, when it

became apparent that domestic source of supply would be inadequate to meet the need for seasonal farm workers in all areas. It provides for the orderly emigration and use of Mexican nationals as agricultural laborers here and is designed to protect the interests of both the growers and the workers.

The Department called on the Farm Security Administration to work with the Mexican Government and other United States agencies in selecting Mexican workers, transporting them to the United States, and providing needed health and welfare services.

FIRST Mexican workers transported under the agreement left Mexico City last September 25 to harvest California sugar beets. Through May 9 this year, a total of 17,308 Mexican workers had been recruited and transported, with California receiving the largest number—12,495—and the States of Arizona, Washington, and Idaho the remainder. In addition to sugar beets, the Mexicans have

worked, or are working, in fruits, vegetables, and guayule in California, vegetables in Arizona, and sugar beets in Washington and Idaho, and are now being moved into sugar beet areas of Colorado, Montana, Wyoming, South Dakota, and Nebraska. The War Food Administration, which is now directing and supervising all farm labor activities of the Federal Government, plans to bring in up to about 50,000 Mexican nationals this year as part of the United States crop corps program.

Under the international agreement, the WFA pays for the transportation of the Mexicans to the work area in this country and for their return. The contracts which each worker signs with the WFA on the one hand, and which each employer, or organization of employers, signs with the WFA on the other, provide that the worker shall be paid the prevailing wage for the agricultural work he does, with a minimum of 30 cents an hour, and employment for at least 75 percent of the contract period. Workers also are guaranteed shelter, sanitary and medical facilities of a reasonable minimum standard. If FSA farm labor supply centers are not available, the Mexicans live in growers' housing approved by the WFA. Ten percent of their wages is deducted and sent back to Mexico for deposit to their credit and is handed over to them after their return to Mexico.

Selection machinery in Mexico City is geared to select only healthy, experienced farm workers for transportation to the United States. The workers arrive in groups of from 400 to 1,200 from farm communities in the states of Jalisco, Michoacan, Zacatecas, and Guanajuato at Mexico City. There, in the National Stadium, the men's agricultural experience and character are carefully reviewed and their health checked by representatives of the health, agricultural and immigration offices of both countries. The physical examination includes X-rays of lungs and digestive tract and also a

blood test. No individuals are accepted for contract until they have passed the physical examinations. Applicants may be rejected for health reasons or other causes, including inexperience with farm work.

A TRANSPORTATION crew, representing the WFA, takes charge of the workers when they are put on the train for the United States. Members of this crew arrange for meals and necessary medical attention en route and divide the men into groups of 10, each of which selects its own leader. When the train reaches the border, the first WFA crew returns to Mexico City and takes over, accompanying the workers to their destination points in the United States. The new crew has a list of growers and the number of workers required at each destination, and groups the workers in accordance with this list.

Most growers thus far have expressed themselves as generally satisfied with the Mexican workers they have employed. Last fall, Earl Coke, general manager of California Field Crops, Inc., an organization of sugar beet operators formed to employ the first 3,000 Mexican nationals brought into California, said: "The workers imported from Mexico have saved the sugar-beet harvest in this State." Other employers have issued similar statements. However, as was to be expected, there have been a number of disputes between employers and workers involving such factors as wages, housing, living and working conditions. In most cases, these have been straightened out through on-the-farm mediation, but when this method fails the formal complaint proceeding is brought into use. If either an employer or worker files a complaint against the other, a hearing is held at which the worker and the employer can be represented, as well as the Mexican consul in the area, if he wishes. If the worker is found to be at fault, he is repatriated or transferred to another employer. If the employer

is found at fault, he can be required to remove the cause of the complaint and keep the worker or, if he refuses to do so, suffer the loss of his workers.

Aside from the valuable work the Mexicans have been doing in helping to save war-essential crops, their presence in the United States has done much to solidify the "good neighbor" relationship between the United States and Mexico. This is due in part to the spirit of patriotism and good will of the workers. Before they leave Mexico, they are told that they are "soldiers of the soil" whose job it is to help produce the food needed to defeat

the Axis, that idleness or bad behavior will not be condoned, and that they will receive no sympathy in Mexico if they are repatriated for misconduct. But it is also due to the friendly attitude demonstrated by the people of this country toward them. Celebrations and fetes are held in their honor and educational and recreational programs are arranged for their benefit. As long as this attitude continues, hemispheric solidarity can only be strengthened.

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FOOD COSTS AND CONSUMER INCOMES

COMPARISONS of food prices with income for the average United States consumer show that the rise in consumer purchasing power has far outrun the advance in retail food prices. The series presented in table 1, representing averages per civilian consumer, both nonfarm and farm, include: (1) Cost to consumers at prevailing prices of a "food basket" containing quantities of foods representing average annual consumption for 1935-39 (this series reflects price changes only); (2) actual expenditure for foods reflecting changes in items and quantities purchased as well as changes in prices; (3) total income per consumer; (4) disposable income remaining after deducting direct personal taxes from total income; (5) total expenditures for consumer goods and services but not including taxes and savings. The percentages of income and total expenditures represented by cost of the food basket and by actual food expenditures are also shown.

Throughout the war period, retail food prices have risen less rapidly than average consumer incomes. The aver-

age United States consumer today finds that he can purchase a "food basket" of specified foods for a smaller share of his income than at any period of record. This is true even when cost of the "food basket" is compared with the consumer's "disposable" income remaining after paying direct personal taxes.

Actual food expenditures per consumer advanced much more rapidly than food prices during 1941 and 1942, reflecting the shifts toward higher standards of food consumption accompanying higher levels of income. Farmers contributed to the higher standards by producing larger quantities of food products for civilian consumption.

The farmer's share of the consumer's dollar spent for specified foods is rapidly nearing the record high levels of World War I, reaching 57 cents in February 1943. This rise in the farmer's share has been associated with the advance in food prices at retail and farm levels and has been favored by stability in marketing charges of middlemen, which have not risen in line with prices.

TABLE 1.—Food Cost and Expenditure Compared With Total and Disposable Income and Total Expenditures per Person, United States Average, Specified Periods

Year and month	Total income ¹	Disposable income ¹	Total expenditures for goods and services ¹	Food expenditures			Cost to consumer of fixed quantities of food representing average annual consumption per person, 1935-39				
				As percentage of			As percentage of—				
				Actual ¹	Total income	Disposable income	Actual ²	Total income	Disposable income		
	Dol.	Dol.	Dol.	Dol.	Pe.	Pe.	Dol.	Pe.	Pe.		
1913.....	340						95	28			
1914.....	333						100	30			
1915.....	393						101	26			
1916.....	477						115	24			
1917.....	471						147	31			
1918.....	542						166	31			
1919.....	579						192	33			
1920.....	628						201	32			
1921.....	506						142	28			
1922.....	531						138	26			
1923.....	599						144	24			
1924.....	610						143	23			
1925.....	645						155	24			
1926.....	659						155	24			
1927.....	655						150	23			
1928.....	664						150	23			
1929.....	679	655	533	156	23	24	27	149	22	23	26
1930.....	595	574	527	143	24	25	27	139	23	24	26
1931.....	500	480	437	120	24	25	27	112	22	23	26
1932.....	380	366	345	94	25	26	27	92	24	25	27
1933.....	368	354	341	91	25	26	27	93	25	26	27
1934.....	418	403	377	100	24	25	27	105	25	26	28
1935.....	460	442	410	105	23	24	26	116	25	26	28
1936.....	531	508	461	113	21	22	25	115	22	23	25
1937.....	561	536	485	119	21	22	25	119	21	22	25
1938.....	509	484	451	113	22	23	25	108	21	22	24
1939.....	541	517	471	114	21	22	24	106	20	21	23
1935-39 average.....	520	497	456	113	22	23	25	113	22	23	25
1940.....	579	554	497	121	21	22	24	107	18	19	22
1941.....	692	662	560	140	20	21	25	121	17	18	22
1942.....	857	807	612	176	21	22	29	144	17	18	24

Annual rates by months, seasonally adjusted

1942:	February.....	786	751	591	160	20	21	27	136	17	18	23
	June.....	844	802	589	169	20	21	29	142	17	18	24
	October.....	905	845	652	196	22	23	30	149	16	18	23
1943:	January.....	971	895	658	195	20	22	30	154	16	17	23
	February.....	992	911	684	202	20	22	30	155	16	17	23

¹ Calculated from data prepared in the Bureau of Foreign and Domestic Commerce. Total income is national income payments to individuals per capita of United States population, including all armed forces. This average is approximately equal to income per capita of civilian population, differing by less than 1 percent in 1942. Disposable income is total income less direct personal taxes. Total expenditures for goods and services are averaged over United States population excluding armed forces abroad. Actual food expenditure is total amount spent for foods (excluding alcoholic liquors) in retail stores, eating places and elsewhere, plus allowance for value of home-produced foods, per capita of United States civilian population. This expenditure reflects changes in quantities and types of foods purchased and in payment for preparation, service, and entertainment at eating places in addition to changes in food prices.

² Cost to consumers of quantities of foods representing average annual consumption per person during 1935-39 is calculated by taking as a 1935-39 base the actual food expenditure for that period (\$113) and applying to this base cost the changes in a United States average consumers' food price index. The latter index is a weighted average of indexes representing (1) retail food prices in 51 cities (United States Bureau of Labor Statistics); (2) retail food prices in other cities and towns and (3) prices received by producers applied to foods consumed on farms where produced. This series reflects the part of changes in food cost due solely to changes in food prices.

³ These percentages show what share of consumers' income would be required to purchase identical quantities of the same foods (1935-39 average consumption) at prices prevailing during each year and month.

Bureau of Agricultural Economics.

INCREASES in food prices paid by consumers at retail are usually associated with increases in prices paid to farmers who produce these foods. Price increases are ordinarily brought about by rising levels of consumer demand, as a result of increased income, or by a reduction in the supply of foods available for consumption. In most cases price behavior at levels of marketing below the retail is motivated by anticipation of what the consumer can and will pay for available supplies. Prices paid to farm producers also depend upon the total charges per unit paid for the marketing services required to transfer food products from producers to consumers. These charges constitute the "spread" between the retail price and equivalent value at the farm.

In order to view the food cost situation in proper perspective it is necessary to compare food price trends with food expenditures and with consumer incomes. Food prices take on new meaning when compared with the fund of consumer purchasing power. This comparison has been made on the basis of the average civilian consumer and the results are shown in Table 1.

Because 1935-39 was chosen as a base, the "food basket" cost equals the actual food expenditure for that period. Through the recent war years and into 1943 the "food basket" series measures the increased cost of foods which may be ascribed to higher retail food prices. Retail prices of farm food products in turn are related to the combined effects of changes in prices paid farmers and changes in charges for marketing.

Although average cost to consumers of the "food basket" in 1935-39 amounted to 22 percent of total income per consumer, or 23 percent of "disposable" income remaining after payment of direct personal taxes, by the end of 1942 average consumer income had so far outdistanced retail food prices that the same "food basket" could be purchased for only 16

percent of total income or 17 percent of disposable income.

ACTUAL food expenditures by all civilians, farm and nonfarm, in 1935-39 amounted to 22 percent of income, and dropped to 20 percent of the high income level reached in February 1943. Compared to disposable income, food expenditure was 23 percent for 1935-39 and 22 percent in February 1943. In comparison with total consumer expenditures for all goods and services, the food expenditures show an increase from 25 percent of total expenditures for 1935-39 to 30 percent for February 1943. The trends in these percentages show that food expenditures have risen more rapidly than total consumer expenditures but less rapidly than consumer income.

From 1935-39 to February 1943 the rise in actual expenditure for foods by the average consumer was more than double the rise in retail food prices. During this period retail food prices advanced by 37 percent, the consumer's "food basket" costing \$113 on the average for 1935-39 and \$155 in February 1943. Actual expenditures per person affected by changes in items purchased as well as in prices, rose by 78 percent during the same period, reaching an annual rate of \$201 in February 1943.

What significance lies in the excess of the food expenditure increase above the food price increase? This excess reflects, first of all, a considerable advance in the standard of food consumption. With income rising faster than food prices, consumers have purchased larger quantities of foods made available by record farm production, and have purchased increasing proportions of foods at eating places. More food costs more money even though prices show no change, and purchases of foods at eating places must include payments for preparation and service (and sometimes for entertainment) in addition to cost of foods as sold in retail stores. Reasons

for more eating in restaurants include (1) more women working in industry, (2) men working in cities away from their families, and (3) higher incomes. However, developments of this sort work real advances in levels of living, measured roughly by the excess of the food expenditure increase above the food price increase. For February 1943 in comparison with 1935-39 this excess amounts to 30 percent.

ASSUMING food consumption in February 1943 was near the 1941 and 1942 levels, this excess expenditure included increased quantities of food purchases to the extent of about 10 percent above the average for 1935-39. The rest of the 30 percent excess in food expenditure over cost of the "food basket" must be ascribed to shifts in the patterns of food consumption toward items of higher quality and more extensive preparation and toward purchases in higher-priced outlets.

Food expenditures have become relatively more important in the total of all consumer expenditures for goods and services, rising from 24 percent of the total for 1940 to 30 percent in early 1943 (table 1). With prospect for nonfood civilian goods and services to dwindle in supply, but for the supply of foods to be maintained near pre-war 1935-39 levels, this percentage will rise during 1943 and 1944 even

though there is no further advance in retail food prices.

Food expenditures as a percentage of total expenditures may easily be misinterpreted by the casual reader. The rise in this percentage is due in part to the reduction in supplies of nonfood goods and services, as well as to the rise in food expenditure. The rise in the percentage also reflects the maintenance of food supplies for civilian consumption. If food supplies were cut as drastically as supplies of other goods the percentage would fall.

These trends show that food is becoming relatively more important in consumers purchases and "cost of living." There is a tendency, indicated in table 1, for consumers to spend a fairly constant percentage of income for foods, ranging from a high of 25 percent in 1932 and 1933 to a low of 20 percent in early 1943. During the war period, shrinking supplies of non-food goods and services together with price controls make it impossible for consumers to spend as much of their income for these goods as they would desire, and leave a growing surplus of free cash which they may use for food purchases under the limitations of rationing and available supplies. Nevertheless, in terms of current consumer incomes, food prices represent the best bargain in 30 years.

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GRAIN STORAGE CAPACITY AND STOCKS

WITH 1943 production goals calling for a total harvest of around 5½ billion bushels of grain crops, soybeans, dry beans, and flaxseed, adequate storage space for these crops and for reserves on hand at harvest time is a basic essential. Successive large crops and the building up of reserves in the last few years have brought increases in the facilities for handling and storing these crops. As a result, the country is in good position to handle the 1943 output.

The following paragraphs present a summary of the grain storage capacity and stocks situation as of April 1. On this date the 22,289 establishments engaged in handling, processing, and storing grain crops, soybeans, dry beans, and flaxseed, were reported by the Crop Reporting Board as having a total capacity of 1,667,192,000 bushels. The 1943 capacity was 66 million bushels more than the total capacity of 1,600,827,000 reported in February 1942. This gain represented new

construction completed in 1942 and the use of emergency storage facilities to house the huge 1942 grain crop. The increase more than offset losses from fire and other causes and from diversion of space to nongrain storage uses.

Bulk storage capacity was 1,344,-561,000 bushels, compared with 1,270,-782,000 bushels on February 16, 1942. Capacity for sacked storage amounted to 307,990,000 bushels, as against 315,184,000 bushels in February 1942. The decrease in capacity for sacked storage was caused by a shift of some space to bulk storage by diversion of some space to military and industrial uses.

ALTHOUGH no exact figures as to storage facilities on farms are available, the estimates of farm stocks of different grains held as of October 1 and December 1, 1942, and January 1, 1943, give some indication of the amount of space available. Combined farm stocks of wheat, oats, barley, and rye, with adjustments for disappearance, indicate that approximately 2½ billion bushels of storage space was in use for these grains. In addition, farm stocks of corn on last January 1, totaled 2,277,332,000 bushels, suggesting a total corn storage capacity of about 2½ billion bushels. Such a capacity for corn would represent all types of storage, including both permanent and temporary cribs, as well as some tight bin space for shelled corn. Aside from this combined total of 4½ billion bushels of storage space on farms, farmers probably were storing another 150 million bushels of soybeans, flaxseed, rice, dry beans, dry peas, and grain sorghums. From these rough approximations, total farm storage capacity could be estimated at around 4,900,000,000 bushels, of which 2½ billion bushels is suitable largely for storing corn only.

Total capacity of steel and wooden bins owned by the Commodity Credit Corporation on or about April 1, amounted to 174,236,000 bushels, or about 9 percent of the storage capacity

located off farms. Of this total, 53,872,000 bushels represented the capacity of steel bins mostly in the Corn Belt States from Illinois westward, and the remainder was the capacity of wooden bins located in the Corn Belt and the principal wheat States west of the Mississippi. These bins held 83 million bushels on April 1—48 million bushels of wheat, 22 million of corn, and 13 million of soybeans.

Combining the storage space figures for the different positions, the aggregate capacity of all storages both on and off farms, is indicated to be about 6,741,000,000 bushels. Excluding corn storage capacity of 2½ billion bushels on farms and 15 million bushels of crib storage off farms, very little of which could be used to store other grain crops, total storage capacity for small grains, soybeans, flaxseed, etc., would amount to 4,226,000,000 bushels.

THE total storage capacity of about 6½ billion bushels includes a sizeable amount of temporary and emergency storage capacity. Farm storage capacity is more or less flexible, because space used for storing crops may be increased or decreased, depending on the size of the harvest. In emergencies, farm buildings generally devoted to uses other than for grain storage can be converted to shelter grain crops. Likewise, inexpensive temporary structures, although not offering the best protection, are satisfactory for short-time storage and can be built quickly. To provide shelter for the record 1942 crop and the carry-over from previous crops, United States farmers probably mustered into service more storage space than in any other year in history.

The record 1942 crop, piling on top of a large carry-over, rapidly filled existing storages and necessitated an expansion in grain storage facilities both on and off farms. On farms, new bins and cribs were built, abandoned farm buildings were fixed up, and other buildings were converted to

hold grain. Off the farms, grain handlers constructed additions to elevators and warehouses and converted old store and garage buildings, armories, etc., to suitable temporary storage space. Grain was rolling in from the field in greater quantities than the facilities were able to accommodate it. Much grain was piled on the ground or put in partly protected inclosures awaiting completion of new storage structures and the flow of grains to consumers.

The term, "bread basket," frequently applied to the great basin of the Mississippi River and its tributaries is quite appropriate because of this area's importance as a storehouse for the Nation's food supplies. In the triangular area from Ohio and Michigan in the east to Montana on the west, and Texas on the south, total storage capacity could be roughly estimated at 5,307,000,000 bushels, including corn storage space for about 2,100,000,000 bushels. In this area the capacity of establishments engaged in handling, storing, and processing grain crops amounted to 1,074,352,000 bushels—65 percent of the United States total storage of this kind. Farm storage capacity, excluding that used for corn, approximated 1,950,000,000 bushels, or 81 percent of farm storage for the entire country.

FOR the United States combined April 1, 1943 stocks of wheat, corn, oats, rice, and soybeans in all positions were 3,079,877,000 bushels. Complete information is not available on April 1 holdings of barley, rye, dry beans and peas, flaxseed, and grain sorghums, but these probably were large enough to raise the total of all these stocks to 3.4 billion bushels, or 50 percent of the total aggregate capacity of 6½ billion bushels. On April 1, farm stocks of corn were 1,395,112,000 occupying slightly over half of the corn storage capacity on farms. This would leave some 2 billion bushels of small grains, soybeans, flaxseed, dry beans and peas, and grain

sorghums held in storages with a capacity of 4,226,000,000 bushels, mostly tight bin space.

Total stocks of nine principal crops, representing probably close to 95 percent of the total quantities of unprocessed grains, soybeans and flaxseed held in commercial positions, amounted to 795,129,000 bushels on April 1, 1943, compared with 905,290,000 bushels on February 16, 1942. Because the estimates do not relate to the same date in the 2 years, the difference in total stocks amounting to 110,161,000 bushels does not mean that the storage situation has eased by this difference plus the increase in storage capacity. For example, last year wheat stocks on February 16, 1942, totaled 595 million bushels, but by April 1, they had decreased to 547 million bushels. Likewise seasonal decreases in holdings of other grains occurred. Information on disappearance of other grains between February 16 and April 1 last year is not available.

If, however, the aggregate change was about the same as for wheat, which constituted over 60 percent of the February 16, 1942 stocks, the total stocks on April 1, 1942, would have been about 833 million bushels. If 20 percent of the increased storage capacity is deducted for working space, it would appear that the commercial storage situation had eased by about 91 million bushels.

Although farm stocks of wheat, corn, and oats on April 1 this year were larger than on the same date last year, the current rapid disappearance of these grains should make available for farm storage at least as much space on farms as was used for the 1942 crop. Although the Nation as a whole is in good position to provide storage for a crop as large as that of 1942, it is to be expected that tight storage situations may develop on a local scale in some areas.

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FARM EMPLOYMENT

THIS spring the number of persons working on farms has been smaller than during the planting season in any of the last 18 years for which data are available. This does not necessarily indicate any prospective reduction in agricultural output for the year, however. Generally speaking, weather conditions and a number of other factors can be expected to have more effect upon agricultural production than will scarcity of labor.

Farm labor shortage is one of the rarities in American agricultural history. For that reason, present difficulties in retaining or obtaining competent farm help seem the more acute now. Lack of adequate labor supply is now a major problem, of course. Even so, in many cases worry over cause of lack of labor supply is based less upon inability to find essential labor, than upon comparisons of present labor supply with the supply of the past.

Throughout the years, farmers have been accustomed to an ample or superabundant supply of farm workers. When the first census was taken in 1790, 95 percent of the population lived on farms and in towns and villages of less than 2,500 persons. Families were large, industrial activity was confined to a few centers and community effort was the established custom in producing crops. At the time of the 1940 Census only 43 percent of the people were included in the rural population.

Between the Census of 1790 and that of 1940 we had shifted from a predominately rural nation to one where the majority of the people were city dwellers. One of the inevitable consequences of the change from an agricultural to an industrial nation was a restriction in the abundance of the farm labor supply, relative to need. However, this restriction did not result in serious labor scarcity on farms.

DURING colonial times and on through most of the 19th century, when land was relatively cheap and easy to obtain, farm youth could look forward to owning their own farms within a very few years. As the frontiers faded out, and good farm land became more expensive and difficult to obtain, the path to farm ownership grew long and tedious. As a result, many young farm men began to look around for other fields of work. By then, industrial activity had reached the point where it could absorb many of the energetic and aggressive farm boys. These young farmers, who in earlier days would have stayed on the land, thus found it easier and perhaps more profitable to go to town. During most of the time since 1900, industry has continued to siphon off a considerable part of the excess farm population. The increased use of machinery on farms made it unnecessary to hire as many workers as formerly and minimized the effect of the loss of some workers to industry. During this period the "farm-to-town" movement exceeded that of people away from cities.

After the First World War, this migration of farm workers to towns continued until 1933, when the direction of net migration reversed itself briefly on account of the depression. In that year, rural population, augmented by great numbers of unemployed people from cities, reached the highest level since 1916. When employment opportunities in cities improved after 1933, the tide of migration shifted gradually back to the cities. Nevertheless, the period 1933-40 was one of superabundant labor supply on farms. Generally, any farmer needing help had merely to drive to the nearest crossroads filling station, where he could take his choice of able-bodied and experienced workers. As business picked up in 1940 and 1941, the drain of competent workers from farms to

CITIES GREW SPACE. After Pearl Harbor, the drain became sharper as farm workers flocked into nonagricultural employment or joined the armed forces.

TOTAL farm employment on the first of each month from January to May of this year has been the lowest of record for the respective month. However, these figures have not been much lower than for the same months in 1942—only 2 or 3 percent less, despite the known losses. Part of the answer to the relatively small decline in total farm employment seems to be that the places of those who have left the farm have been taken to a great extent by women, children, old men, townspeople, and others not normally a part of the labor force. Many of these people are not as competent as were the workers they replace, but in recording the number of people working on farms they count equally with the best type of worker. A farmer who has lost experienced workers and is compelled to replace them with ones of doubtful ability does not feel that his labor needs are being met. Quite understandably, he continues to complain of a labor shortage. Unfortunately, there is little factual information available concerning the change in composition of the farm labor force. However, census data indicate that for the period June-December 1940, about 9 percent of agricultural workers were female and for the comparable period in 1942 about 16 percent of such workers were female.

Reports indicate that farmers are not only working longer hours per day but also more days per week. As the farm employment estimates are based on the number of persons working 2 days or more during the week of inquiry, it is likely that there are a considerable number of people formerly doing only incidental work on farms who would be included as working 2 days or more per week now. Sundays ordinarily have been a day of rest on farms, but there is increasing evidence

that many farmers recently have felt compelled to do field work on Sundays. The inclusion of the Sabbath as a workday increased by about 16 percent the number of man-days of work per week available on these farms.

RELAXATION of Selective Service regulations to permit the retention and placing of necessary agricultural workers on farms has helped greatly to relieve the pressure on the labor supply in some areas.

Importation of agricultural workers from the Bahamas and Jamaica has provided needed hands in truck crop areas of New Jersey, Maryland, Pennsylvania, and Florida. About 8,000 had been brought into the country by the middle of May, most of whom had been placed on farms. It is also planned to bring in about 50,000 workers from Old Mexico. Another source of farm workers in 1943 is the large number of German and Italian prisoners taken in North Africa. Prison camps are being located in agricultural areas where this type of labor can most readily be used. They can be utilized best, of course, on jobs requiring large amounts of hand labor. Arrangements are to be made between individual farmers and the military authorities for the hire of groups of prisoners for farm work. War prisoners receive a wage of 80 cents per day but the farmer pays the Government a certain wage for specified work and also pays transportation for the prisoners from the camp to his farm.

Farm wage rates have risen sharply since Pearl Harbor. The index of farm wage rates for October 1941 was 160 (1910-14=100) and on April 1, 1943, was 244, an increase of 84 points, or about 52 percent. This is indeed a sharp rise but even so the United States average rate per month with board on April 1, this year, was only \$56.84, and the average rate per day without board was \$2.88.

OVER the years, wages paid farm workers have been low compared with industrial rates especially since

the First World War. Further, the industrial worker has employment for longer periods during the year, with the result that his annual average wage income has been about three times that of the hired farm worker. It is estimated that the average wage income for hired farm workers in 1942 was \$588, compared with an average of \$1,790 for factory, railroad, and mining employees.

The index of farm wage rates has risen every quarter (January, April, July, and October) since October 1940. Whether it will continue to do so in July and October 1943 is not apparent at this time. However, wage rates are closely related to farm income and the index of cash income from farm

marketings for 1942 was 188 percent of the 1935-39 average, the highest of record. The index of prices received by farmers for crop and livestock products for April 15 was 185 percent of the August 1909-July 1914 average—the highest since September 1920.

With farmers putting more hours in the field and with the use of farm women and children, deferred selectees, recruits from towns and villages, Japanese evacuees, Mexican, Bahaman, and Jamaican workers, and German and Italian war prisoners, it appears likely that the 1943 crops will be produced without significant losses because of a shortage of workers.

E. M. BROOKS,
Bureau of Agricultural Economics.

ELECTRICITY FOR FOOD PRODUCTION

ELECTRICITY and food production are closely related; in fact, electricity is one of the "hired hands" on thousands of American farms today. To supply the food needs of our fighting men and of our people standing back of them, as well as calls for food from around the world, American farms need to produce more food than ever in our history. Fighting men need and get more food than when they were in their own homes. Thirteen percent of the food we raise this year will go to our soldiers; 12 percent of it will be shipped to allies across the seas. At home, millions of people must be fed, well fed, while other millions are asking for food. If we are to meet these demands, the resources of all of the farms in the country must be used to the limit. The problems involved are many, but chief among them are the loss of manpower on our farms to our fighting forces and the war industries. The next big problem is the shortage of farm equipment. When our war production machine was set up it was assumed that all the strategic ma-

terials available should go into ships and guns and ammunition. But food too is ammunition. This fact is the reason for the easing of WPB restrictions regarding electric service extensions to farmers who are in a position to assist materially in the food production program.

IN THE past months the restrictions put upon the building of electric service extensions to farms for production purposes have been greatly lessened. Prior to issuance of WPB Order P-46-c extensions to farmsteads were practically impossible. This order permitted extensions not to exceed 100 feet per animal unit, and not more than 5,000 feet total length except upon specific authorization of WPB. These extensions now may be made to any farmstead providing the farmer can qualify for service before his USDA County War Board.

Under P-46-c the farmer was required to have 10 animal units. These are set forth in schedule I. Equivalent animal units consisted of:

A. Livestock on hand:	<i>Unit</i>
1 milk cow	1
10 beef cattle (all cattle including calves, other than milk cows and cattle in feed lot)	1
30 breeding ewes	1
3 brood sows	1
75 laying hens	1
40 turkeys or geese	1
B. Estimated production of live stock for market:	
20 cattle (in feed lot) per year	1
160 lambs (in feed lot) per year	1
30 feeder pigs per year	1
250 chickens (not broilers) per year	1
600 chickens (broilers) per year	1

BESIDES having 10 animal units on his farm the farmer must also have one of the following types of electric farm equipment of sufficient capacity for the use contemplated or be able to obtain such equipment without priority assistance:

- Water pump for livestock.
- Milking machine.
- Milk cooler.
- Incubator.
- Brooder.
- Feed grinder.

Many thousands of farms able to produce large quantities of needed foods could not qualify under these circumstances.

After many conferences with WPB by REA and other officials of the Department of Agriculture the animal units were reduced from 10 to 5 by the issuance of supplementary order U-1-c on March 24, 1943. This order also added milk sterilizers to the list of equipment and 125 turkeys or geese per year to the estimated production.

The revision of this order made 10,000 farmers in one state alone eligible for extended REA service.

Under all of these revisions up to May 1, 1943, REA has received 10,314 applications for food production extensions and each day they keep rolling in. The amount of materials made available to the Department of Agri-

culture for utility and REA Cooperative extensions up to June 30, 1943, consists of 750,000 pounds of copper and 3 million pounds of steel.

SUFFICIENT materials have been allocated for the quarter ending September 30, 1943, to provide electric extensions to approximately 30,000 farms.

Farmers had some difficulty getting farmstead wiring materials after their line extensions were approved. To simplify this procedure and eliminate the time element in securing these materials, under date of April 10, 1943, WPB issued order P. 144, which assigns an AA-3 rating to deliveries of farmstead wiring materials to farms that qualify for service under supplementary utilities Order U-1-c as amended. This permits the farmer to qualify for his farmstead wiring at the same time that he qualifies for his line extensions before his USDA County War Board.

The larger farms throughout the country are generally equipped with electric service and they have been more nearly meeting maximum goals. The small farm with the aid of electric power provides a great source for additional food production even with limited farm labor available. Therefore as a new source of food production of all kinds and help in meeting the labor shortage, electric service needs to be as widespread as possible throughout the rural areas of this country. This becomes a vital necessity in view of the world-wide call for food.

A survey was made of 220 farms not getting electric service in one State. That survey indicated that those farms on the 85 miles of line to be built to serve them will be able to produce 3,100 tons more food with power than without. That is the kind of story of increased food production that can be told wherever electric service is made available to farmers.

DIXON MERRITT,
Rural Electrification Administration.

Economic Trends Affecting Agriculture

Year and month	Industrial production (1935=100) ¹	Income of industrial workers (1935=100) ²	Cost of living (1935=100) ³	1910-14=100				Prices paid, interest and taxes	Farm wage rates		
				Prices paid by farmers for commodities used in—		Living	Production				
				Whole-sale prices of all commodities ⁴	Living and production						
1925	90	126	125	151	163	147	156	170	176		
1926	96	131	126	146	162	146	156	168	179		
1927	95	127	124	139	160	144	153	166	179		
1928	99	128	123	141	160	148	155	168	179		
1929	110	134	122	139	159	147	154	167	180		
1930	91	110	119	126	150	141	146	160	167		
1931	75	84	109	107	128	123	126	140	130		
1932	58	68	98	95	108	109	108	122	96		
1933	69	61	92	96	108	108	108	118	85		
1934	75	76	96	109	122	123	122	128	95		
1935	87	86	98	117	124	127	125	130	103		
1936	103	100	99	118	123	125	124	128	111		
1937	113	117	103	126	128	136	131	134	126		
1938	89	91	101	115	122	125	123	127	125		
1939	108	105	99	113	120	122	121	126	123		
1940	123	119	100	115	121	124	122	128	126		
1941	156	169	105	127	131	131	131	134	154		
1942	181	238	116	144	154	149	152	152	201		
1942—May	174	225	116	144	153	150	152	152			
June	176	234	116	144	154	150	152	152	183		
July	178	247	117	144	154	150	152	152	202		
August	183	251	118	145	155	150	153	152			
September	187	255	118	145	157	151	164	153			
October	191	259	119	148	158	151	155	164	220		
November	194	273	120	146	160	151	166	155			
December	197	279	120	147	162	153	158	156			
1943—January	199	291	121	149	163	155	160	158	223		
February	202	286	121	150	165	157	162	160			
March	202	287	123	151	167	158	163	161			
April	203	296	124	151	168	161	165	162	239		
May	208	303	125	152	169	162	166	163			

Index of prices received by farmers (August 1909-July 1914=100)

Year and month	Index of prices received by farmers (August 1909-July 1914=100)							Ratio, prices received to prices paid, interest and taxes	
	Grains	Cotton and cotton-seed	Fruits	Truck crops	Meat animals	Dairy products	Chickens and eggs		
1925	157	177	172	153	141	153	163	156	92
1926	131	122	138	143	147	152	159	145	86
1927	128	128	144	121	140	155	144	139	84
1928	130	152	176	159	151	158	153	149	89
1929	120	144	141	149	156	157	162	146	87
1930	100	102	162	140	134	137	129	126	79
1931	63	63	98	117	92	108	100	87	62
1932	44	47	82	102	63	83	82	65	53
1933	62	64	74	105	60	82	75	70	59
1934	93	99	100	103	68	95	89	90	70
1935	103	101	91	125	117	108	117	108	83
1936	108	100	100	111	119	115	114	89	
1937	126	95	122	123	132	124	111	121	90
1938	74	70	73	101	114	109	108	95	75
1939	72	73	77	105	110	104	94	92	74
1940	85	81	79	114	108	113	96	98	78
1941	98	113	92	144	144	131	122	122	91
1942	119	185	125	199	189	152	151	157	103
1942—May	120	159	131	152	189	143	134	152	100
June	116	153	148	169	191	141	137	151	99
July	115	155	131	200	193	144	145	154	101
August	115	151	126	256	200	151	156	163	107
September	119	156	129	191	195	156	166	163	107
October	117	158	134	226	206	165	173	169	110
November	117	160	127	238	197	171	178	169	109
December	124	162	151	293	196	175	183	178	114
1943—January	134	164	139	277	205	177	185	182	115
February	138	163	156	301	214	179	170	178	111
March	143	166	172	302	218	180	171	182	113
April	146	167	189	291	218	180	173	185	114
May	143	167	212	253	214	179	175	187	115

¹ Federal Reserve Board, adjusted for seasonal variation. Revised September 1941.

² Total income, adjusted for seasonal variation. Revised March 1943.

³ Bureau of Labor Statistics.

⁴ Bureau of Labor Statistics index with 1926=100, divided by its 1910-14 average of 68.5. ⁵ Revised.

NOTE.—The index numbers of industrial production and of industrial workers' income shown above are not comparable in several respects. The production index includes only mining and manufacturing; the income index also includes transportation. The production index is intended to measure volume, whereas the income index is affected by wage rates as well as by time worked. There is usually a time lag between changes in volume of production and workers' income, since output can be increased or decreased to some extent without much change in the number of workers.